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Hiding a Mountain Of Debt

With a bit of bookkeeping legerdemain borrowed from the Bush administration, the Democratic Congress is about to perform a cover-up on the most serious threat to America's economic future.

That threat is not the severe recession, tough as that is for the families and businesses struggling to make ends meet. In time, the recession will end, and last week's stock market performance hinted that we may not have to wait years for the recovery to begin.

The real threat is the monstrous debt resulting from the slump in revenue and the staggering sums being committed by Washington to rescuing embattled banks and homeowners — and the absence of any serious strategy for paying it all back.

The Congressional Budget Office sketched the dimensions of the problem on March 20, and Congress reacted with shock. The CBO said that over the next 10 years, current policies would add a staggering \$9.3 trillion to the national debt — one-third more than President Obama had estimated by using much more optimistic assumptions about future economic growth.

As far as the eye could see, the CBO said, the debt would contin-

ue to grow by about \$1 trillion a year because of a structural deficit between the spending rate, averaging 23 percent of gross domestic product, and federal revenue at 19 percent.

The ever-growing national debt will require ever-larger annual interest payments, with much of that money going overseas to China, Japan and other countries that have been buying our bonds.

Reacting to this scary prospect, the House and Senate budget committees took the paring knife to some of Obama's spending proposals and tax cuts last week. But many of the proposed savings look more like bookkeeping gimmicks than realistic cutbacks. The budget resolutions assume, for example, that no more money will be needed this year to bail out foundering businesses or pump up consumer demand, even though estimates of those needs start at \$250 billion and go up by giant steps.

Republicans on the budget committees offered cuts that were larger and, in some but not all instances, more realistic.

But the main device the Democratic budgeteers employed was simply to shrink the budget "window" from 10 years to five. Instantly, \$5 trillion in debt disappeared from view, along with the worry that long after the recession is past, the structural deficit would continue to blight the future of young working families.

The Democrats did not invent this gimmick. They borrowed it from George W. Bush, who turned to it as soon as his inherited budget surpluses withered with the tax cuts and recession of 2001-02. But Obama had promised a more honest budget and said that this meant looking at the long-term

consequences of today's tax and spending decisions.

There are plenty of people in Congress for whom the CBO report was no surprise, and some of them have proposed a solution that would confront this reality. Kent Conrad, the chairman of the Senate Budget Committee, and Judd Gregg, its ranking Republican, have offered a bill to create a bipartisan commission to examine every aspect of the budget — taxes, defense and domestic spending, and, especially, Medicare, Medicaid and Social Security. Congress would be required to vote promptly, up or down, on its recommendations, or come up with an alternative that would achieve at least as much in savings.

In the House, Democrat Jim Cooper of Tennessee and Republican Frank Wolf of Virginia have been pressing a similar proposal but have been regularly thwarted.

The roadblock in chief is Nancy Pelosi, the speaker of the House. She has made it clear that her main goal is to protect Social Security and Medicare from any significant reforms. Pelosi has not forgotten how Democrats benefited from the 2005-06 fight against Bush's effort to change Social Security. Her party, which had lost elections in 2000, 2002 and 2004, found its voice and its rallying cry to "Save Social Security," and Pelosi is not about to allow any bipartisan commission to take that issue away from her control.

The price for her obduracy is being paid in the rigging of the budget process. The larger price will be paid by your children and grandchildren, who will inherit a future-blighting mountain of debt.

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